TOTAL
PACKAGING SOLUTIONS

WINPAK

2018 ANNUAL REPORT

2018 marked a change in food and even drug retail with the absence of growth or expansion at less than population growth or inflation in North America. The net income attributable to equity holders of the Company attained $108.9 million, better than planned, yet shy of last year's $119.3 million, while revenue grew slightly to $889.6 million. This achievement was a blend of revenue growth in the modified atmosphere packaging, lidding and machinery product groups while our rigid container business receded as a result of transitioning to less costly plastic materials in our largest rigid container applications. However, with the lack of retail growth and competitive selling price pressures intensifying in 2018, gross profit margins contracted 0.8 percent. Unlike the prior year, raw material price pressures remained relatively tame.

Overall, with the challenging rigid packaging transition initiated towards sustainable offerings, more than half of Winpak's product portfolio is recycle-ready with further advances in material sciences being developed to offer ground-breaking recycle-ready high barrier flexible and rigid solutions based upon renewable materials. The Company's direction is set towards advancement while consciously reducing the environmental impact. Our manufacturing processes and sites are relentlessly searching for ways to reduce their impact and incorporate new processes with the latest technologies to reduce emissions, energy consumption and production waste. We strive to design our new processes to use green energy wherever possible, such as hydro electricity in Canada and avoiding natural gas.

The continued progression at the Winnipeg, Manitoba facility relies largely on the capabilities of Winpak's latest and largest, high barrier cast co-extrusion technology expansion along with re-engineering existing lines to meet the new state of the art technology. In addition, different product designs are being considered for a new generation of films as an upgrade to the most recently installed line. The step-ups in productivity and quality consistency have been instrumental in mitigating the impact of raw material price increases and further steps in automation utilization will also contribute to maintaining low costs. Additional high barrier co-extruded blown film capacity was added mid-year to keep up with the demand in sophisticated high barrier pouch structures. These new capabilities enhance the Company's portfolio of high barrier films for modified atmosphere packaging.

Similarly, Winpak's specialty films business in Senoia, Georgia which benefited from an 80,000 square foot building expansion, has been ramping up with a new blown film co-extrusion line and will be proceeding with additional capacity in early 2020 to keep up with demand for sophisticated high barrier food and medical films. To streamline the marketing of Winnipeg and Senoia's complementary product portfolio, the two teams are now under a single management structure. The shrink bag co-extrusion lines from our first expansion are all undergoing significant re-design and technology improvements towards new state of the art capabilities for the speciality meat and cheese markets.

2018 was again remarkable for the Winpak–Sojitz Corporation of Japan business venture producing biaxially oriented polyamide (nylon) films. American Biaxis achieved record productivity in the latter part of the year to counteract elevated raw material costs and increased selling price competition, whereas the beginning of the year had proven challenging from a productivity standpoint. Once more, the focus on quality and customer service outweighed competitive selling price pressures from offshore suppliers. The announced building and equipment capacity expansion will break ground in early 2019.

Overall, Winpak's flexible packaging business grew slightly in 2018, in the face of stronger than ever selling pricing competition and surprisingly low retail growth. Going forward, Winpak's offering in high barrier recycle-ready flexible packaging will expand, relying on our uniquely sophisticated infrastructure.

In 2018, the Company's rigid container business which consists of the production of plastic sheets and thermoformed barrier containers in two locations in Chicago, Illinois and one in Toronto saw the start-up of a new sheet and in-line thermoforming line in the newly expanded 348,000 square foot site and the engineering of two more lines to be installed in 2019 and 2020. The mentioned contraction of the rigid container revenue is not the result of a loss of business, but the transition to less costly and lighter plastics, mainly moving out of polystyrene for materials that are easier to recycle, such as from the family of polyolefins (polypropylene and polyethylene) and to some extent due to competitive selling price pressures. To date, more than half our portfolio of rigid containers are so called recycle-ready and this will continue to increase, while solutions from renewable resources are actively being pursued and developed. The rationale of expanding the rigid container capacity is driven by growth in condiments for convenience with ready-to-serve meals and meal kits as well as a return to single portion containers away from multi-pocket solutions in dairy and dessert offerings.

The Company's product offering as a system of high-tech flexible lidding solutions combined with rigid containers, whether in die-cut or roll-fed form, aluminum-based or high barrier plastics sets Winpak apart in the industry. At the Vaudreuil-Dorion, Quebec facility, the newly re-engineered tandem extrusion line and new printing press have proven instrumental in growing the range of new generation roll-fed flexible lidding products to complement our large die-cut lid presence. The vast expansion of our Mexican operations is nearing completion with the die-cut business already in operation while equipment for the converting portion of the plant is being assembled for start-up in the second quarter of 2019. Together with the newly re-organized healthcare team, modest revenue growth was achieved in 2018.

Winpak's packaging machinery division in San Bernardino, California contributed in 2018 with significant revenue momentum, establishing another milestone year for both machinery and services. Even more significant to Winpak is the packaging film system sales approach and improved customer service with in-house lab testing providing a full range of sachet packaging machines available for customers to perform product testing. Not to mention, the launch of a commercial relationship with Unifill Srl. of Italy producing highly specialized blown thermoformed single serve containers. Going forward, the machinery operations will relocate to a more spacious site to allow it to grow and set the stage for new equipment designs and enhanced manufacturing and assembly capabilities.

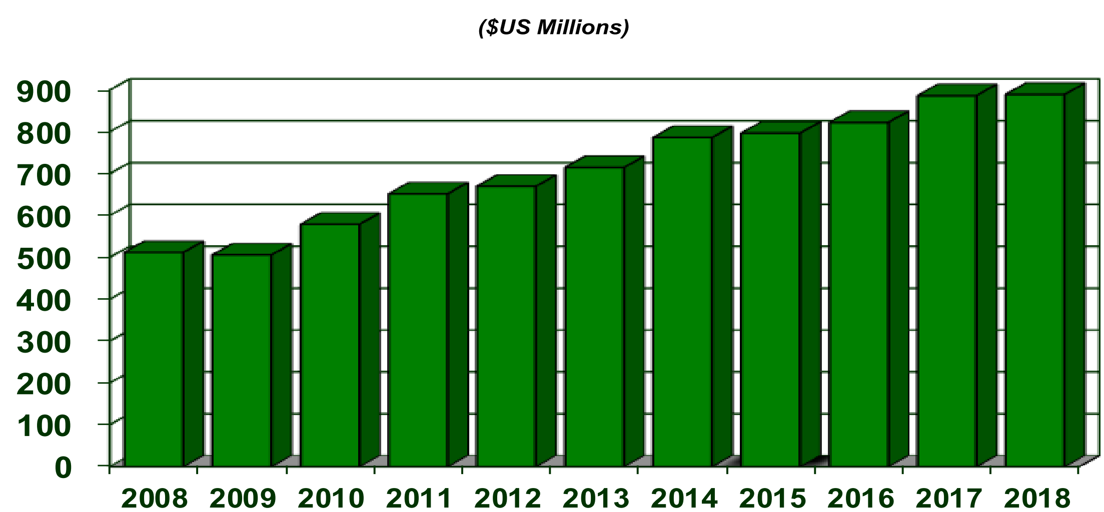
Overall, 2018 yielded several Company records despite very challenging competitive market pressures and disappointing retail consumption thus demonstrating the sound nature of the infrastructure and equipment investments coming to fruition across the Company. Key capital investment decisions for future growth throughout the business are under way to continue the momentum going forward, under the lens of reducing our environmental footprint and impact.

O.Y. Muggli
President and Chief Executive Officer
Winnipeg, Canada
February 26, 2019

(Values expressed in US dollars)

	2018	2017	2016	2015	2014
Operating results ($ million except earnings per share)					
Revenue	**889.6**	886.8	822.5	797.2	786.8
Income from operations	**150.1**	162.7	157.8	147.3	115.1
EBITDA (1)	**190.2**	200.2	192.0	179.2	145.6
Net income attributable to equity holders of the Company	**108.9**	119.3	104.3	99.2	78.4
Earnings per share (cents) (2)	**168**	184	161	153	121
Investments and assets ($ million)					
Investments in property, plant and equipment	**71.2**	51.1	72.2	53.7	48.1
Total assets	**1,088.9**	976.0	874.2	766.1	734.3
Financial position					
Net return on opening equity attributable to equity holders of the Company	**13.3%**	16.9%	17.3%	17.0%	13.6%
Return on opening invested capital (3)	**24.7%**	28.3%	30.8%	29.1%	24.2%

Revenue: Ten-year compound average growth rate (CAGR) 5.7%



Basis of Presentation

- The Company's fiscal year is usually 52 weeks in duration, but includes a 53rd week every five to six years. All years presented on pages 2 and 3 were 52 weeks in duration, with the exception of 2012 and 2017, which were 53 weeks in duration.
- All years presented on pages 2 and 3 are in accordance with International Financial Reporting Standards (IFRS) with the exception of 2008 and 2009, which are as previously reported under Canadian GAAP.

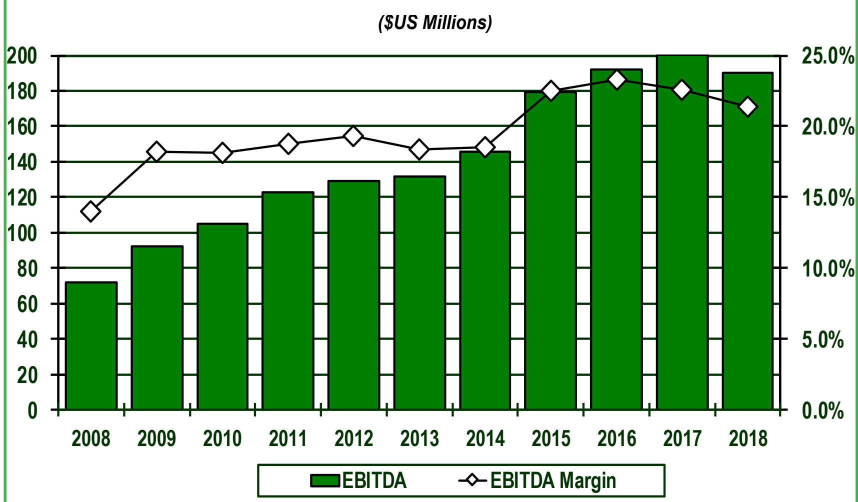
Definitions

(1) EBITDA (income before interest, tax, depreciation and amortization) is not a recognized measure under IFRS. Management believes that in addition to net income attributable to equity holders of the Company, EBITDA is a useful supplemental measure as it provides investors with an indication of cash available for distribution prior to debt service, capital expenditures and income taxes. Investors should be cautioned, however, that EBITDA should not be construed as an alternative to net income attributable to equity holders of the Company determined in accordance with IFRS as an indicator of the Company's performance. The Company's method of calculating EBITDA may differ from other companies and, accordingly, EBITDA may not be comparable to measures used by other companies. Refer to the section entitled Selected Financial Information on page 4 of this document for the calculation of EBITDA from 2016 to 2018.

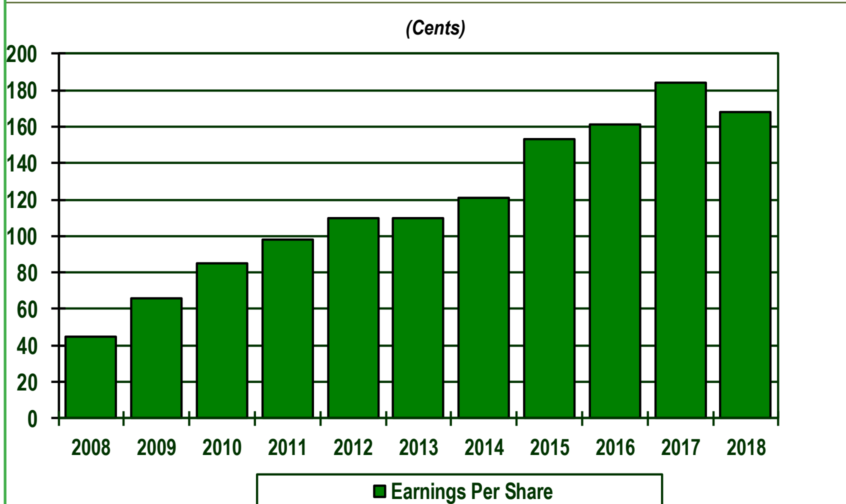
(2) In 2017, a one-time income tax recovery of 17 cents per share was recorded due to the revaluation of deferred tax asset and liability balances within the US operations as a result of US tax reform enacted in December 2017.

(3) Return on opening invested capital is defined as income from operations divided by invested capital, which is defined as the sum of total debt, equity, net deferred tax liability, and accumulated goodwill amortization.

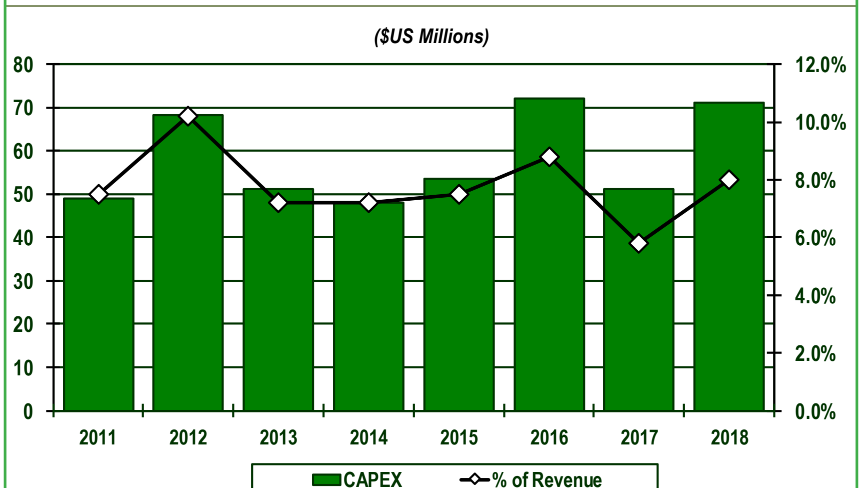
EBITDA and EBITDA Margins: Ten-year CAGR 10.3%



Earnings Per Share



CAPEX 2011 – 2018



Forward-looking statements: Certain statements made in the following Management's Discussion and Analysis contain forward-looking statements including, but not limited to, statements concerning possible or assumed future results of operations of the Company. Forward-looking statements represent the Company's intentions, plans, expectations and beliefs, and are not guarantees of future performance. Such forward-looking statements represent Winpak's current views based on information as at the date of this report. They involve risks, uncertainties and assumptions and the Company's actual results could differ, which in some cases may be material, from those anticipated in these forward-looking statements. Factors that could cause results to differ from those expected include, but are not limited to: the terms, availability and costs of acquiring raw materials and the ability to pass on price increases to customers; ability to negotiate contracts with new customers or renew existing customer contracts with less favorable terms; timely response to changes in customer product needs and market acceptance of our products; the potential loss of business or increased costs due to customer or vendor consolidation; competitive pressures, including new product development; industry capacity, and changes in competitors' pricing; ability to maintain or increase productivity levels; contain or reduce costs; foreign currency exchange rate fluctuations; changes in governmental regulations, including environmental, health and safety; changes in Canadian and foreign income tax rates, income tax laws and regulations. Unless otherwise required by applicable securities law, Winpak disclaims any intention or obligation to publicly update or revise this information, whether as a result of new information, future events or otherwise. The Company cautions investors not to place undue reliance upon forward-looking statements.

General Information

The following discussion and analysis dated February 26, 2019 was prepared by management and should be read in conjunction with the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The following discussion and analysis is presented in US dollars except where otherwise noted. The consolidated financial statements include the accounts of all subsidiaries. The Company's functional and reporting currency is the US dollar. The Company has filed a separate Management's Discussion and Analysis for its fourth quarter of 2018, which is available on SEDAR at www.sedar.com.

The fiscal year of the Company ends on the last Sunday of the calendar year. As a result, the Company's fiscal year is usually 52 weeks in duration, but includes a 53rd week every five to six years. The 2018 fiscal year comprised 52 weeks and the 2017 fiscal year comprised 53 weeks.

Company Overview

The Company provides three distinct types of packaging technologies: a) rigid packaging and flexible lidding, b) flexible packaging and c) packaging machinery. Each of the three are deemed to be a separate operating segment.

The rigid packaging and flexible lidding segment includes the rigid containers and lidding product groups. Rigid containers includes portion control and single-serve containers, as well as plastic sheet, custom and retort trays, which are used for applications such as food, pet food, beverage, dairy, industrial, and healthcare. Lidding products are available in die-cut, daisy chain and rollstock formats and are used for applications such as food, dairy, beverage, industrial and healthcare.

The flexible packaging segment includes the modified atmosphere packaging, specialty films and biaxially oriented nylon product groups. Modified atmosphere packaging extends the shelf life of perishable foods, while at the same time maintains or improves the quality of the product. The packaging is used for a wide range of markets and applications, including fresh and processed meats, poultry, cheese, medical device packaging, high performance pouch applications and high-barrier films for converting applications. Specialty films includes a full line of barrier and non-barrier films which are ideal for converting applications such as printing, laminating, and bag making, including shrink bags. Biaxially oriented nylon film is stretched by length and width to add stability for further conversion using printing, metalizing or laminating processes and are ideal for food packaging applications such as cheese, fluid and viscous liquids, and industrial applications such as book covers and balloons.

Selected Financial Information

Millions of US dollars, except per share and margin amounts	**2018**	2017	2016
Revenue	**889.6**	886.8	822.5
Income from operations	**150.1**	162.7	157.8
Net income attributable to equity holders of the Company	**108.9**	119.3	104.3
Gross profit margin	**30.4%**	31.2%	32.7%
Earnings per share (cents)	**168**	184	161
Reconciliation of EBITDA			
Net income	**111.6**	122.7	108.2
Income tax expense	**40.0**	38.8	49.8
Net finance (income) expense	**(1.5)**	1.2	(0.2)
Depreciation and amortization	**40.1**	37.5	34.2
EBITDA	**190.2**	200.2	192.0

Overall Performance

- Δ Revenue grew by $2.9 million or 0.3 percent from 2017 to an all-time high of $889.6 million. Normalizing for the additional week in 2017, volumes were essentially flat. Revenue growth reflected the positive impact of selling price and mix changes and a stronger Canadian dollar which resulted in revenue advances of $12.4 million and $0.9 million respectively.

- Δ Gross profit margins declined by under one percentage point from the prior year to 30.4 percent. Cost efficiencies were gained by limiting the expenses relating to production waste and inventory obsolescence. This achievement, in combination with the implementation of favorable selling price adjustments for customers on raw material price-indexing arrangements, served to mitigate the headwinds caused by the competitive pressures on core product markets' selling prices and the rise in the Company's recently added manufacturing capacity.

- Δ Net income attributable to equity holders of the Company of $108.9 million decreased from the prior year's net income of $119.3 million by 8.7 percent. Excluding the $11.1 million income tax recovery recorded in 2017 due to US tax reform, an increase of $0.7 million was realized. Significantly lower income taxes were partially offset by diminished gross profit margins and higher operating expenses.

- Δ Cash and cash equivalents ended the year at $344.3 million even though property, plant and equipment additions of $71.2 million represented the second highest annual outlay in the Company's history. Winpak continued to generate buoyant cash flow from operating activities. There are no short-term borrowings or long-term debt outstanding.

Highlights

- Δ Raw materials: In 2018, the annual average cost of raw materials climbed by 2.5 percent from the prior year average. As the year was ending, select resins experienced notable decreases in tandem with the decline in world oil prices.

- Δ Operating expenses: Greater personnel costs and the expansion in freight costs were the driving force between the growth in operating expenses compared to relatively stagnant sales volumes.

- Δ Foreign exchange: Minor losses were realized on foreign exchange forward contracts in 2018 whereas in 2017, significant gains were recorded. Coupled with foreign exchange losses in 2018 on translation of Canadian dollar net monetary items, foreign exchange dampened earnings per share by 4.5 cents.

- Δ Income taxes: The sizeable reduction in the Company's consolidated effective income tax rate in the current year, attributable to the US federal statutory income tax rate decreasing from 35.0 percent to 21.0 percent, raised earnings per share by 10.0 cents.

- Δ Capital expenditures: Capital expenditures in 2018 amounted to $71.2 million, providing the foundation from which the Company can pursue its long-term compound rate of organic growth that has been realized over the past 10 years.

- Δ Financing and investing: Winpak generated $130.1 million in cash flow from operating activities, which was more than sufficient to fund $71.2 million in capital projects and $6.1 million in regular dividends, resulting in an improvement in the net cash position of $52.4 million from the end of the previous year. The Company will utilize its cash resources on hand and generate additional cash flow from operations to fund its investing and financing activities in 2019. In addition, management will continue to evaluate acquisition opportunities that align strategically with Winpak's core competencies in concert with executing upon its organic capital expenditure program, all focused on providing long-term shareholder value.

Results of Operations

Components of total (decrease) increase in earnings per share (EPS)

	2018	2017	2016
Organic growth	**(2.0)**	10.0	11.0
Gross profit margins	**(3.5)**	(8.5)	(7.0)
Operating expenses, finance expense and non-controlling interests	**1.0**	0.5	0.5
Income taxes	**(7.0)**	18.5	(1.5)
Foreign exchange	**(4.5)**	2.5	5.0
Total (decrease) increase in EPS (cents)	**(16.0)**	23.0	8.0

Ongoing operations

Organic growth is the impact on net income due exclusively to increased sales volumes and excludes the influence of acquisitions, divestitures and foreign exchange. In 2018, this subtracted 2.0 cents from EPS in comparison to the prior year. However, the 2017 fiscal year included 53 weeks instead of the more customary 52 weeks. The additional week was essentially the last week of the 2016 calendar year which contained several statutory holidays. As a consequence, it is estimated that the 2017 sales volumes and net income results were positively affected by 2.0 percent.

Gross profit margins contracted in 2018, reflective of competitive conditions in strategic product markets, increased raw material costs compared to 2017 and the addition of manufacturing capacity in recent years in comparison to relatively unchanged sales volumes.

The expansion in net finance income and a smaller proportion of net income attributable to non-controlling interests provided an additional 3.0 cents and 1.0 cent to EPS respectively. On the other hand, operating expenses, exclusive of foreign exchange, expanded by 1.6 percent whereas sales volumes were virtually unchanged, lowering EPS by 3.0 cents.

The US tax reform that was enacted in the previous year had a favorable influence on EPS in both 2018 and 2017. It was more significant in the prior year due to the revaluation of deferred tax balances within the US operations which elevated EPS by 17.0 cents per share. In the current year, the US federal statutory income tax rate decreased from 35.0 percent to 21.0 percent, augmenting EPS by 10.0 cents.

Foreign exchange had a negative impact of 4.5 cents on EPS versus the previous year. The maturation of foreign exchange contracts at less favorable rates than was experienced in 2017 was compounded by converting the Company's net Canadian dollar expenses into US funds at a higher average rate.

Revenue

Revenue Change

	Millions of US dollars		
	2018	2017	2016
Volume (decrease) increase	**(10.4)**	50.4	54.2
Price and mix gains (losses)	**12.4**	11.9	(24.4)
Foreign exchange gains (losses)	**0.9**	1.9	(4.4)
Total increase in revenue	**2.9**	64.2	25.4

For 2018, revenue reached an all-time high of $889.6 million, up by 0.3 percent from the $886.8 million recorded in the previous year. After taking the additional week of revenues in the first quarter of 2017 into account, volumes were virtually unchanged. The rigid containers and flexible lidding operating segment experienced a negligible drop in volumes. For the lidding product group, rollstock materials in combination with yogurt and dessert die-cut lidding were the main factors leading the positive performance. Conversely, sheet and dessert container shipments receded in the current year and led to an overall contraction in volumes for the rigid container product group. The flexible packaging operating segment realized a limited uptick in volumes. Within the modified atmosphere packaging product group, growth was challenging due to tempered demand levels at major US protein processors. For the packaging machinery operating segment, growth was exceptional at 14 percent. In relation to 2017, selling price and mix changes had a favorable influence on revenue of 1 percent. The average value of the Canadian dollar in comparison to the US dollar during 2018 was essentially on par with the 2017 level. Accordingly, foreign exchange had little impact on reported revenue.